

UNCLASSIFIEDOPP/LLB
INCOMING

/49/

PRIORITY

FRP: . . 3 8

STAT

82 8427563

SUP

PAGE 001

NC 8427563

TOR: 170635Z APR 82

STAT

PP RUEAIIB
 ZNR UUUUU ZOC STATE ZZH
 PP RUEHC RUEHAM RUQMBE RUEHEG RUMJGM RUMJDK RUEHIL
 RUMJHT RUQMMT RUEHNE RUFHMR RUQMNS RUEHTV RUDKKR
 DE RUEHC #3446 1070541
 ZNR UUUUU ZZH
 P 170030Z APR 82
 FM SECSTATE WASHDC
 TO RUEHAM/AMEMBASSY AMMAN PRIORITY 6405
 RUQMBE/AMEMBASSY BEIRUT PRIORITY 0341
 RUEHEG/AMEMBASSY CAIRO PRIORITY 3500
 RUMJGM/AMEMBASSY COLOMBO PRIORITY 2163
 RUMJDK/AMEMBASSY Dacca PRIORITY 3652
 RUEHIL/AMEMBASSY ISLAMABAD PRIORITY 7608
 RUMJHT/AMEMBASSY KATHMANDU PRIORITY 9985
 RUQMMT/AMEMBASSY MUSCAT PRIORITY 6846
 RUEHNE/AMEMBASSY NEW DELHI PRIORITY 6820
 RUFHMR/AMEMBASSY RABAT PRIORITY 9324
 RUQMNS/AMEMBASSY SANAA PRIORITY 9216
 RUEHTV/AMEMBASSY TEL AVIV PRIORITY 7934
 RUDKKR/AMEMBASSY TUNIS PRIORITY 9198
 BT
 UNCLAS STATE 103446

E.O. 12065: N/A

TAGS: EATD, EFIN

SUBJECT: SENATE FOREIGN RELATIONS COMMITTEE HEARING ON
 FY 1983 FOREIGN ASSISTANCE REQUEST FOR NEA COUNTRIES

1. ASSISTANT SECRETARY VELIOTES, AID DEPUTY ADMINISTRATOR WHEELER, AND DOD ASSISTANT SECRETARY WEST TESTIFIED ON THE FY 83 FOREIGN ASSISTANCE REQUEST FOR NEA COUNTRIES BEFORE THE SENATE FOREIGN RELATIONS COMMITTEE ON APRIL 15. ONLY TWO COMMITTEE MEMBERS, SENATORS BOSCHWITZ AND SARBANES, PARTICIPATED IN THE HEARING.

2. MAJOR POINT MADE BY BOSCHWITZ IN OPENING THE HEARING WAS AN EXPRESSION OF CONCERN OVER THE APPARENT ARMS RACE IN THE MIDDLE EAST. HE RECOGNIZED WE FACE DIFFICULT PROBLEMS IN THE AREA, BUT EMPHASIZED THAT THE THEORY THAT ARMS SALES ENHANCE FRIENDSHIP IS NOT NECESSARILY TRUE.

3. FOLLOWING PRESENTATION OF WITNESSES' STATEMENTS, SENATOR SARBANES MAIN REMARKS CONCERNED DIFFERENCES BETWEEN LEVEL ADMINISTRATION IS PROPOSING FOR FY 83 FOREIGN ASSISTANCE AND LEVEL THAT CONGRESS AUTHORIZED IN LAST DECEMBER'S FY 82/83 FOREIGN ASSISTANCE AUTHORIZATION BILL. HE ASKED FOR A WRITTEN SUPPLEMENT TO VELIOTES' PREPARED STATEMENT WHICH WOULD EXPLAIN THESE DIFFERENCES. SARBANES WAS PARTICULARLY CRITICAL OF ADMINISTRATION PROPOSALS TO

INCREASE AMOUNT OF FORGIVEN LOANS FOR EGYPT AND DECREASE AMOUNT FOR ISRAEL FROM THAT AUTHORIZED BY CONGRESS. SARBANES ASSERTED THIS IS AN IMPORTANT FOREIGN POLICY SIGNAL. VELIOTES SAID THAT RECIPIENT COUNTRIES SHOULD NOT INTERPRET SMALL REDUCTIONS IN AMOUNT OF FORGIVEN LOANS AS LESS FAVORABLE TREATMENT IF, AS IN THIS CASE, THE TOTAL AMOUNT OF ASSISTANCE IS INCREASED TO BE MORE RESPONSIVE TO THEIR

UNCLASSIFIED

UNCLASSIFIED

82 8427563

SUP

PAGE 002

NC 8427563

TOR: 170635Z APR 82

NEEDS. BOTH SENATORS NOTED THAT THE FOREIGN ASSISTANCE AUTHORIZATION BILL HAD BEEN PASSED WITH GREAT DIFFICULTY AND AFTER LONG DEBATE IN CONGRESS. THEY EXPRESSED CONCERN THAT THE ADMINISTRATION'S PROPOSAL SOUGHT TO UNDO THAT WORK AND RAISE ISSUES THAT HAD ALREADY BEEN SETTLED.

4. VELIOTES ASSURED THE COMMITTEE THAT THE ADMINISTRATION APPRECIATED CONGRESS' ACTION IN PASSING THE AUTHORIZATION BILL. HE BRIEFLY SKETCHED SOME OF THE COUNTRY CHANGES IN THE ADMINISTRATION REQUEST FOR FY 83 FMS, ESF AND DA FROM FY 82 APPROPRIATION LEVELS. VELIOTES ALSO STATED THAT SHOULD CONGRESS DETERMINE TO MAINTAIN FORGIVEN LOANS FOR ISRAEL AT LEVEL AUTHORIZED FOR FY 83, ADMINISTRATION HOPES INCREASE ABOVE ADMINISTRATION PROPOSAL WOULD NOT BE AT EXPENSE OF OTHER VITAL U.S. ASSISTANCE PROGRAMS.

5. BOSCHWITZ ALSO EXPRESSED CONCERN THAT ISRAEL MAINTAIN A QUALITATIVE EDGE IN DEFENSE CAPABILITY OVER ITS ARAB NEIGHBORS. VELIOTES AND WEST TOLD THE SENATOR THAT WE MAINTAIN A CAREFUL POLICY REVIEW OF OUR ARMS SALES TO ARAB STATES TO ASSURE THAT THESE SALES DO NOT REPRESENT A THREAT TO ISRAEL. VELIOTES POINTED OUT THAT THERE ARE CONFLICTS IN THE MIDDLE EAST OTHER THAN THE ARAB-ISRAEL DISPUTE, AND OUR FRIENDS IN THE AREA PERCEIVE THAT THEIR POTENTIAL ENEMIES HAVE GAINED IN THE ARMS RACE. HE NOTED THAT WE HAVE DIFFERENT PERSPECTIVES AND MAY DISAGREE WITH OUR ISRAELI FRIENDS ON ONE POSITION OR ANOTHER, BUT THIS DOES NOT MEAN WE ARE NOT FULLY CONSCIOUS OF THEIR SECURITY NEEDS AND ARE NOT FULLY COMMITTED TO THEIR SECURITY.

6. BOSCHWITZ THEN STATED THAT HE SUPPORTED OUR EFFORTS TO SUPPORT MOROCCO, SUDAN, AND TUNISIA. HE NOTED THAT CONGRESS EARMARKED FIVE MILLION DOLLARS IN ESF FOR TUNISIA IN THE FY 82/83 AUTHORIZATION BILL, BUT THIS ITEM DID NOT APPEAR IN THE ADMINISTRATION'S FY 83 REQUEST. HE ASKED THAT ATTENTION BE GIVEN TO THIS POINT IN THE SUPPLEMENTAL STATEMENT REQUESTED BY SENATOR

SARBANES. BOSCHWITZ ADDED THAT TUNISIA'S ECONOMY HAS IMPROVED, BUT NOT TO THE POINT WHERE WE MUST PENALIZE THAT COUNTRY FOR ITS PROGRESS. EAGLEBURGER
END OF MESSAGE

UNCLASSIFIED

UNCLASSIFIED